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SIPDIS

USDOC FOR 532/OEA/LHINES/DFARROW
USDOC FOR 3132 FOR FCS/OIO REGIONAL DIRECTOR WILLIAM
ZARIT
BICE FOR OFFICE OF STRATEGIC INVESTIGATIONS

SIPDIS

E.O. 12958: N/A
TAGS: BMGT BEXP HK ETRD ETTC
SUBJECT: EXTRANCHECK: POST SHIPMENT VERIFICATION:
PHILIPS ELECTRONICS (HK) CO. LTD.

REF: A) USDOC 02960

1. Unauthorized disclosure of the information provided below is prohibited by Section 12C of the Export Administration Act.

¶2. As per reftel A request and at the direction of the Office of Enforcement Analysis (OEA) of the USDOC Bureau of Industry and Security (BIS), Export Control Officer Philip Ankel (ECO) conducted a post shipment-verification at FEI Hong Kong Company Limited, Room 1508, Greenfield Tower, Concordia Plaza, 1 Science Museum Road, Kowloon, Hong Kong (FEI Hong Kong). The item in question is an Edax Genesis XM4 System exported to FEI Hong Kong on or about March 4, 2007 and valued at USD 48,000. On the applicable shippers export declaration (SED), the item is classified as 3A999. Items properly classified as 3A999 may be exported/reexported to virtually all destinations and end-users worldwide, license free except for certain designated state sponsors of terrorism (including North Korea). The exporter was Edax, Inc. of Mahwah, New Jersey.

¶3. According to the Hong Kong Companies Registry, FEI Hong Kong has been in existence since 1999. Its paid-up share capital is the Hong Kong equivalent of approximately USD 200,000. The Commercial Registry lists U.S. nationals John Doherty and Stephen Loughlin as directors. FEI Hong Kong is an affiliate office of FEI Company headquartered in Hillsboro, Oregon. (more information at www.fei.com).

¶4. On April 13, 2007, the ECO met with Ms. Susan Y.C. Chan, the FEI Hong Kong Sales and Service Coordinator as well as Raymond Wan, Warehouse Manager for Philips Electronics Hong Kong Ltd. and Mr. Tony Yiu, the Senior Manager for Transport and Storage. Mr. Wan did most of the talking and first clarified that, until December of 2006, Royal Philips Electronics (www.philips.com) ("Philips") had held a significant stake in FEI Company. While Philips had divested itself of its FEI Company stake, Philips Electronics Hong Kong Ltd. continues to provide logistic support services for FEI Hong Kong (including trade compliance services) on a contract basis.

¶5. Mr. Wan then provided a detailed review of the overall corporate-wide trade control procedures of Philips. He spoke from slides he had prepared for a Hong Kong and Japanese joint conference on export

controls held in 2006 in Hong Kong. The overall Philips trade compliance program is quite impressive and this ECO now knows whom to call if he ever needs a private sector speaker in the area of export controls in Hong Kong.

¶6. As to the specific item in question, Mr. Wan and Ms. Chan provided the ECO with documentation indicating that the item had been received in Hong Kong and subsequently shipped to the end-user in Shanghai, namely the Shanghai Institute of Technology. A subsequent e-mail from the salesman involved in the transaction revealed that the item will be used in the characterization and analysis of materials, including metals, ceramics, and polymers.

¶7. The ECO recommends that this check be categorized as Favorable.